

The city of
NICHOLASVILLE
Progress. Growth. Opportunity.

RECEIVED

June 9, 2008

JUN 9 2008

PUBLIC SERVICE
COMMISSION

Ms Stephanie Stumbo
Executive Director
Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

Re: City of Nicholasville

Dear Ms. Stumbo:

The following and the attached are in response to your letter of May 28, 2008, concerning the increase of the City of Nicholasville's Wholesale Water Rates (volume charge only) in response the recently enacted withdrawal fees increase on the part of the Kentucky River Authority. As you may know, mainstem withdrawers were sent a letter by the Authority, dated January 3, 2008, in which the Executive Director indicated that by state law the City could pass the withdrawal fee increase on to its regulated customers without the action normally required by the Public Service Commission.

Due to the confusion caused by the above referenced miscommunication, the City is hereby respectfully requesting that the attached revisions be made effective June 29, 2008. In recognition of the matter contained herein, the City has credited amounts associated with the increased rates to its regulated customers.

On behalf of the City, please extend our thanks and appreciation to Messer's Wuetcher and Kirtley for their assistance in this matter.

Very Truly Yours,
City of Nicholasville



Russell A. Meyer
Mayor

NOTICE

Due to an increase in the Kentucky River Authority withdrawal fee, the Nicholasville Water Department has filed a proposed rate schedule to increase the rate for wholesale water service:

	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>% Difference</u>
Jessamine County Water District No. 1	\$1.81 per 1000 gallons	\$1.85 per 1000 gallons	2.21% Increase
Jessamine South Elkhorn Water District	\$1.81 per 1000 gallons	\$1.85 per 1000 gallons	2.21% Increase

The proposed effective date is June 29, 2008.

The rates contained in this notice are the rates proposed by the Nicholasville Water Department. However, the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice.

Any corporation, association, or person with a substantial interest in the matter may, by written request, within thirty (30) days after publication or mailing of this notice of the proposed rate changes request to intervene. Intervention may be granted beyond the thirty (30) day period for good cause shown.

Any person who has been granted intervention by the Public Service Commission may obtain copies of the rate application and any other filings made by the City of Nicholasville's Combined Utility System by visiting the Utility Office located at 601 North Main Street in Nicholasville, Kentucky; telephone 859-885-9473.

Any person may examine the rate application and other filings made by the City of Nicholasville's Combined Utility System by visiting the Utility Office located at 601 North Main Street in Nicholasville, Kentucky; telephone 859-885-9473.

City of Nicholasville, Kentucky

ENACTED WATER RATES

Meter Size	Enacted Rates				
	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
inches					
<u>Inside City</u>					
5/8 x 3/4	4.25	4.25	4.25	4.25	4.25
1	4.25	7.10	7.10	7.10	7.10
1 1/2	4.25	14.15	14.15	14.15	14.15
2	4.25	22.65	22.65	22.65	22.65
3	4.25	42.50	42.50	42.50	42.50
4	4.25	70.85	70.85	70.85	70.85
6	4.25	141.65	141.65	141.65	141.65
8	4.25	283.35	283.35	283.35	283.35
Volume Charge					
=<10 kgals	1.99	2.19	2.35	2.51	2.67
>10 kgals	1.83	2.06	2.22	2.38	2.54
<u>Outside City</u>					
5/8 x 3/4	6.38	6.35	6.35	6.35	6.35
1	6.38	10.65	10.65	10.65	10.65
1 1/2	6.38	21.20	21.20	21.20	21.20
2	6.38	33.95	33.95	33.95	33.95
3	6.38	63.75	63.75	63.75	63.75
4	6.38	106.25	106.25	106.25	106.25
6	6.38	212.45	212.45	212.45	212.45
8	6.38	425.00	425.00	425.00	425.00
Volume Charge					
=<10 kgals	2.96	3.26	3.50	3.74	3.98
>10 kgals	2.72	3.06	3.30	3.54	3.78

ORDINANCE 111-1994

AN ORDINANCE OF THE CITY OF NICHOLASVILLE,
AMENDING SECTION 23-22 (ORDINANCE 085-1994)
WATER RATES.

WHEREAS, the City of Nicholasville provides wholesale water service to certain customers under contractual terms that provide for the City to be able to periodically adjust the rates charged to said customers in order to adequately recover the costs of providing water service to said customers;

WHEREAS, the Board of Commissioners of the City of Nicholasville in the exercise of its fiduciary duties and responsibilities must now, in consideration of the above, adjust the water rates charged to the aforementioned wholesale customers;

WHEREAS, Section 23-22 of the Nicholasville Code of Ordinances reads as follows;

Water rates shall be as follows:

(1) RETAIL WATER SERVICE

Rate Schedule Effective with Bills Due and Payable in July, 1994:

- a. Monthly Service Charge..... \$4.25
- b. Volume Charge:
 - First 10,000 gallons, per 1,000 gallons..... 1.99
 - All over 10,000 gallons, per 1,000 gallons.. 1.83

(2) WATER DISTRICTS:

Rate Schedule Effective with Bills Due and Payable in August, 1994:

- a. Monthly service charge..... 3.75
- b. Volume charge, per 1,000 gallons..... 1.49
(all water usage)
- c. Minimum bill: service charge plus volume charge for water usage.

(3) OUTSIDE CITY RETAIL WATER SERVICE:

Rate Schedule Effective with Bills Due and Payable in July,

1994:

- a. Monthly Service Charge..... \$6.38
- b. Volume Charge:
 - First 10,000 gallons, per 1,000 gallons.... 2.96
 - All over 10,000 gallons, per 1,000 gallons.. 2.72

NOW THEREFORE, BE IT ORDAINED that Section 23-22 of the Nicholasville Code of Ordinances be amended to read as follows:

Water rates shall be as follows:

(1) RETAIL WATER SERVICE

Rate Schedule Effective with Bills Due and Payable in July, 1994:

- a. Monthly Service Charge..... \$4.25
- b. Volume Charge:
 - First 10,000 gallons, per 1,000 gallons.... 1.99
 - All over 10,000 gallons, per 1,000 gallons.. 1.83
- c. Minimum bill: service charge plus volume charge for water usage.

(2) WATER DISTRICTS:

Rate Schedule Effective with Bills Due and Payable in February, 1995:

a. Monthly service charge:

<u>Size of Meter</u> inches	<u>Charge</u> \$
3/4	3.70
1	4.15
1 1/2	4.70
2	6.25
3	17.70
4	21.90
6	31.80
8	43.05

- b. Volume charge, per 1,000 gallons..... 1.81
(all water usage)
- c. Minimum bill: service charge plus volume charge for water usage.

(3) OUTSIDE CITY RETAIL WATER SERVICE:

Rate Schedule Effective with Bills Due and Payable in July, 1994:

- a. Monthly Service Charge..... \$6.38
- b. Volume Charge:
 - First 10,000 gallons, per 1,000 gallons..... 2.96
 - All over 10,000 gallons, per 1,000 gallons.. 2.72
- c. Minimum bill: service charge plus volume charge for water usage.

This Ordinance shall take effect upon adoption, execution and publication.

FIRST READING

DATED: December 8, 1994

Sam E. Corcoran
MAYOR

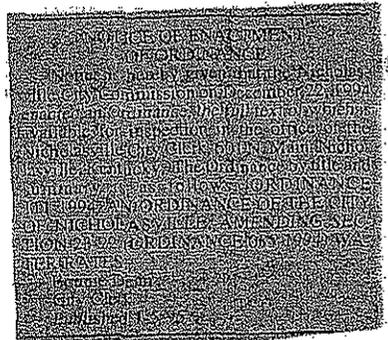
ATTEST:
Bonnie Dean
CITY CLERK

SECOND READING

DATED: December 22, 1994

Sam E. Corcoran
MAYOR

ATTEST:
Bonnie Dean
CITY CLERK



ARTICLE III. RATES AND CHARGES

§ 23-21. WATER RATES.

Water rates shall be as follows:

- (a) Retail water service within city:

Rate schedule effective with July 1994 billings:

- (1) Monthly service charge -----\$4.25
- (2) Volume charge:
First 10,000 gallons, per 1,000 gallons -----1.99
All over 10,000 gallons, per 1,000 gallon -----1.83
- (3) Minimum bill: service charge plus volume charge for
water usage.

- (b) Water districts:

Rate Schedule Effective with February 1995 Billings:

- (1) Monthly service charge:

<u>Size of meter</u> inches	<u>Charge</u> \$
3/4	3.70
1	4.15
1-1/2	4.70
2	6.25
3	17.70
4	21.90
6	31.80
8	43.05

- (2) Volume charge, per 1,000 gallons \$1.81
(all water usage)
- (3) Minimum bill: service charge plus volume charge for
water usage.

- (c) Retail water service outside city:

Rate Schedule Effective with July 1994 Billings:

(1) Monthly service charge \$6.38

(2) Volume charge:
First 10,000 gallons, per 1,000 gallons 2.96
All over 10,000 gallons, per 1,000 gallons 2.72

(3) Minimum bill: service charge plus volume charge for water usage.
(Ord. No. 1-G-83, 2-22-83; Ord. No. 195-1988, 4-15-88; Ord. No. 199-1988, 5-24-88; Ord. No. 211-1988, 7-29-88; Ord. No. 085-1994, 6-23-94; Ord. No. 111-1994, 12-8-94)

ORDINANCE 698-2008

AN ORDINANCE OF THE CITY OF NICHOLASVILLE,
AMENDING SECTION 23-21 WATER RATES.

WHEREAS, the City of Nicholasville provides retail water service to customers both inside and outside the corporate limits, to the Spears Water Service District (formerly known as the service territory of the Spears Water Company, Inc.) and wholesale water service to two rural water districts;

WHEREAS, the Kentucky River Authority has raised the Tier II withdrawal fee from \$.016 per one thousand gallons to \$.06 per one thousand gallons, effective April 1, 2008;

WHEREAS, the Board of Commission of the City of Nicholasville in the exercise of its fiduciary duties and responsibilities must now, in consideration of the above withdrawal fee increase, adjust the volumetric water rates charged to customers other than the Spears Water Service District;

WHEREAS, Section 23-21 of the Nicholasville Code of Ordinances reads as follows;

Water rates shall be as follows:

- (a) Retail water service within City:

Rate schedule effective with bills due and payable November 2003:

Monthly Service Charge:

<u>Size of meter</u> Inches	<u>Charge</u> \$
3/4	4.25
1	7.10
1-1/2	14.15
2	22.65
3	42.50
4	70.85
6	141.65
8	283.35

Volume Charge:

First 10,000 gallons, per 1,000 gallons.....	2.19
All over 10,000 gallons, per 1,000 gallons.....	2.06

Rate schedule effective with bills due and payable July 2004:

(1) Monthly Service Charge:

<u>Size of meter</u> Inches	<u>Charge</u> \$
3/4	4.25
1	7.10
1-1/2	14.15
2	22.65
3	42.50
4	70.85
6	141.65
8	283.35

(2) Volume Charge:

First 10,000 gallons, per 1,000 gallons.....	2.35
All over 10,000 gallons, per 1,000 gallons.....	2.22

Rate schedule effective with bills due and payable July 2005:

(1) Monthly Service Charge:

<u>Size of meter</u> Inches	<u>Charge</u> \$
3/4	4.25
1	7.10
1-1/2	14.15
2	22.65
3	42.50
4	70.85
6	141.65
8	283.35

(2) Volume Charge:

First 10,000 gallons, per 1,000 gallons.....	2.51
All over 10,000 gallons, per 1,000 gallons.....	2.38

Rate schedule effective with bills due and payable July 2006:

(1) Monthly Service Charge:

<u>Size of meter</u> Inches	<u>Charge</u> \$
3/4	4.25
1	7.10
1-1/2	14.15
2	22.65
3	42.50
4	70.85
6	141.65
8	283.35

(2) Volume Charge:

First 10,000 gallons, per 1,000 gallons.....	2.67
All over 10,000 gallons, per 1,000 gallons.....	2.54

(3) Minimum bill: service charge plus volume charge for water usage.

(b.) Water districts:

Rate schedule effective with February 1995 billings:

(1) Monthly Service Charge:

<u>Size of meter</u> Inches	<u>Charge</u> \$
3/4	3.70
1	4.15
1-1/2	4.70
2	6.25
3	17.70
4	21.90
6	31.80
8	43.05

(2) Volume charge, per 1,000 gallons.....\$1.81
(all water usage)

(3) Minimum bill: service charge plus volume charge for water usage.

(c) Retail water service outside city:

Rate schedule effective with bills due and payable November 2003:

(1) Monthly Service Charge:

<u>Size of meter</u> Inches	<u>Charge</u> \$
3/4	6.35
1	10.65
1-1/2	21.20
2	33.95
3	63.75
4	106.25
6	212.45
8	425.00

(2) Volume Charge:
First 10,000 gallons; per 1,000 gallons.....3.26
All over 10,000 gallons, per 1,000 gallons.....3.06

Rate schedule effective with bills due and payable July 2004:

(1) Monthly Service Charge:

<u>Size of meter</u> Inches	<u>Charge</u> \$
3/4	6.35
1	10.65
1-1/2	21.20
2	33.95
3	63.75
4	106.25
6	212.45
8	425.00

(2) Volume Charge:
First 10,000 gallons, per 1,000 gallons.....3.50
All over 10,000 gallons, per 1,000 gallons.....3.30

Rate schedule effective with bills due and payable July 2005:

(1) Monthly Service Charge:

<u>Size of meter</u> Inches	<u>Charge</u> \$
3/4	6.35
1	10.65
1-1/2	21.20
2	33.95
3	63.75
4	106.25
6	212.45
8	425.00

(2) Volume Charge:

First 10,000 gallons, per 1,000 gallons.....	3.74
All over 10,000 gallons, per 1,000 gallons.....	3.54

Rate schedule effective with bills due and payable July 2006:

(1) Monthly Service Charge:

<u>Size of meter</u> Inches	<u>Charge</u> \$
3/4	6.35
1	10.65
1-1/2	21.20
2	33.95
3	63.75
4	106.25
6	212.45
8	425.00

(2) Volume Charge:

First 10,000 gallons, per 1,000 gallons.....	3.98
All over 10,000 gallons, per 1,000 gallons.....	3.78

(3) Minimum bill: service charge plus volume charge for water usage.

(d) Spears Water Service District:

Rate Schedule Effective with bills due and payable October 2003:

<u>Usage Block</u>	<u>Monthly Rate</u>
First 2,000 gallons	\$12.70 Minimum Bill
Next 10,000 gallons	4.22 per 1,000 gallons
All Over 12,000 gallons	3.37 per 1,000 gallons

NOW THEREFORE, BE IT ORDAINED that Section 23-21 of the Nicholasville Code of Ordinances be amended to read as follows:
Water rates shall be as follows:

(a) Retail water service within City:

Rate schedule effective with bills due and payable June 2008:

(1) Monthly Service Charge:

<u>Size of meter</u>	<u>Charge</u>
Inches	\$
3/4	4.25
1	7.10
1-1/2	14.15
2	22.65
3	42.50
4	70.85
6	141.65
8	283.35

(2) Volume Charge:

First 10,000 gallons, per 1,000 gallons.....	2.71
All over 10,000 gallons, per 1,000 gallons.....	2.58

(3) Minimum bill: service charge plus volume charge for water usage.

(b.) Water districts:

(1) Monthly Service Charge:

<u>Size of meter</u> Inches	<u>Charge</u> \$
3/4	3.70
1	4.15
1-1/2	4.70
2	6.25
3	17.70
4	21.90
6	31.80
8	43.05

(2) Volume charge, per 1,000 gallons.....\$1.85
(all water usage)

(3) Minimum bill: service charge plus volume charge for water usage.

(c) Retail water service outside city:

(1) Monthly Service Charge:

<u>Size of meter</u> Inches	<u>Charge</u> \$
3/4	6.35
1	10.65
1-1/2	21.20
2	33.95
3	63.75
4	106.25
6	212.45
8	425.00

(2) Volume Charge:
First 10,000 gallons, per 1,000 gallons.....4.02
All over 10,000 gallons, per 1,000 gallons.....3.82

(3) Minimum bill: service charge plus volume charge for water usage.

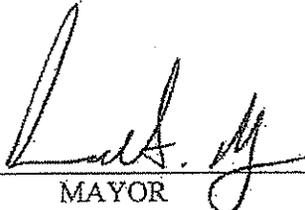
(d) Spears Water Service District:

<u>Usage Block</u>	<u>Monthly Rate</u>
First 2,000 gallons	\$12.70 Minimum Bill
Next 10,000 gallons	4.22 per 1,000 gallons
All Over 12,000 gallons	3.37 per 1,000 gallons

This Ordinance shall take effect upon adoption, execution and publication.

FIRST READING

DATED: APRIL 24, 2008

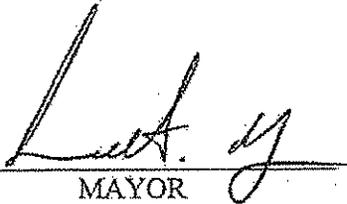

MAYOR

ATTEST:


CITY CLERK

SECOND READING

DATED: APRIL 30, 2008


MAYOR

ATTEST:


CITY CLERK

ARTICLE III. RATES AND CHARGES

§ 23-21. WATER RATES.

Water rates shall be as follows:

- (a) Retail water service within city:

Rate schedule effective with July 1994 billings:

- (1) Monthly service charge -----\$4.25
- (2) Volume charge:
 - First 10,000 gallons, per 1,000 gallons -----1.99
 - All over 10,000 gallons, per 1,000 gallon -----1.83
- (3) Minimum bill: service charge plus volume charge for

water usage.

- (b) Water districts:

Rate Schedule Effective with February 1995 Billings:

- (1) Monthly service charge:

<u>Size of meter</u> inches	<u>Charge</u> \$
3/4	3.70
1	4.15
1-1/2	4.70
2	6.25
3	17.70
4	21.90
6	31.80
8	43.05

- (2) Volume charge, per 1,000 gallons\$1.81
(all water usage)

- (3) Minimum bill: service charge plus volume charge for

water usage.

- (c) Retail water service outside city:

Rate Schedule Effective with July 1994 Billings:

- (1) Monthly service charge \$6.38
- (2) Volume charge:
 - First 10,000 gallons, per 1,000 gallons 2.96
 - All over 10,000 gallons, per 1,000 gallons 2.72
- (3) Minimum bill: service charge plus volume charge for

water usage.

(Ord. No. 1-G-83, 2-22-83; Ord. No. 195-1988, 4-15-88; Ord. No. 199-1988, 5-24-88; Ord. No. 211-1988, 7-29-88; Ord. No. 085-1994, 6-23-94; Ord. No. 111-1994, 12-8-94)



Steven L. Beshear
Governor

Robert D. Vance, Secretary
Environmental and Public
Protection Cabinet

Larry R. Bond
Commissioner
Department of Public Protection

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

David L. Armstrong
Chairman

John W. Clay
Vice Chairman

June 6, 2008

Honorable Russell Meyer
Post Office Box 450
Nicholasville, Kentucky 40340-0450

Mr. Thomas P. Calkins
Post Office Box 450
Nicholasville, Kentucky 40340-0450

Gentlemen:

Jessamine County Water District No. 1 and Jessamine-South Elkhorn Water District have advised the Public Service Commission that the City of Nicholasville ("Nicholasville") has or will shortly increase its rate for wholesale water service.

In *Simpson County Water District v. City of Franklin*, 872 S.W.2d 460 (Ky. 1994), the Kentucky Supreme Court held that the Public Service Commission has jurisdiction over contracts between municipal utilities and public utilities and that changes in any rate that a municipal utility assesses a public utility for wholesale utility service must be approved by the Public Service Commission. Pursuant to the *Simpson County Water District* decision, the Public Service Commission in Administrative Case No. 351 directed that "[a]ny municipal utility wishing to change or revise a contract or rate for wholesale utility service to a public utility shall, no later than 30 days prior to the effective date of the revision, file with the Commission the revised contract and rate schedule." A copy of the *Simpson County Water District* decision and the Public Service Commission's Order are enclosed.

Consistent with KRS 278.160 and the Public Service Commission's Order in Administrative Case No. 351, contracts and rate schedules filed with the Public Service Commission shall control the rates and conditions of service of the parties. Changes to those currently on file with the Public Service Commission shall be made in accordance with KRS 278.180 and Administrative Regulation 807 KAR 5:011. Until such changes are approved by the Commission, the prior contracts and rate schedules remain in effect.

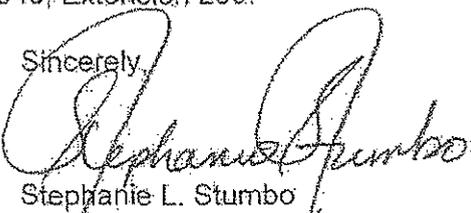
The Public Service Commission has not approved any adjustment in Nicholasville's wholesale water service rate (including any additional fee or charge related to withdrawal fees that the Kentucky River Authority assesses). Therefore,

Hon. Russell Meyer
Mr. Thomas P. Calkins
June 4, 2008
Page 2

Nicholasville may bill Jessamine County Water District No. 1 and Jessamine-South Elkhorn Water District only at the rates contained in the most recent rate schedule that Nicholasville has filed with the Commission. Until Nicholasville files its proposed revisions with and obtains the approval of the Public Service Commission, it may not charge Jessamine County Water District No. 1 and Jessamine-South Elkhorn Water District a rate that differs from that rate schedule. Furthermore, if Nicholasville is currently charging a rate that differs from those on file with the Public Service Commission, it must either refund the additional charges collected or credit that amount to the wholesale customer's account. I respectfully request that Nicholasville advise the Public Service Commission within 10 days of the date of this letter of the action that it intends to take to resolve this situation.

For your reference, I am enclosing the Public Service Commission's letter of October 16, 2007, which contains detailed guidance on the procedures that a municipal utility must follow when changing its rates for utility service to public utilities.

Any questions regarding this letter should be directed to Gerald Wuetcher, Assistant General Counsel, at (502) 564-3940, Extension 259.

Sincerely,

Stephanie L. Stumbo
Executive Director

3 Enclosures

Cc: Jessamine County Water District No. 1
Jessamine-South Elkhorn Water District

FOR Nicholasville, Kentucky
Name of Municipality

P.S.C. KY. NO. 1

1st Revised SHEET NO. 1

Nicholasville Water Department
(Name of Municipal Utility)

CANCELLING P.S.C. KY. NO. 1

Original SHEET NO. 1

RATES AND CHARGES

WHOLESALE WATER RATE:

Jessamine County Water District No. 1	\$1.85 per 1000 gallons
Jessamine South Elkhorn Water District	\$1.85 per 1000 gallons

NOTE: The previous rate of \$1.81 per 1,000 gallons of water was set forth in Ordinance 111-1994. This rate adjustment is to recover the increase of the Kentucky River Authority withdrawal fee. This page only revises the volume charge portion of the existing rates. All other charges remain in full force and effect.

DATE OF ISSUE June 9, 2008
Month / Date / Year

DATE EFFECTIVE June 29, 2008
Month / Date / Year

ISSUED BY Thomas P. Perkins
(Signature of Officer)

TITLE Director of Public Utilities

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. n/a DATED n/a